

EXHIBIT 44

Checkpoint Contents

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606-10-25 Recognition

General Note: The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

General

> Identifying the Contract

25-1

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

An entity shall account for a **contract** with a **customer** that is within the scope of this Topic only when all of the following criteria are met:

- a. The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations.
- b. The entity can identify each party's rights regarding the goods or services to be transferred.
- c. The entity can identify the payment terms for the goods or services to be transferred.

- d. The contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract).
- e. It is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer (see paragraphs [606-10-55-3A through 55-3C](#)). In evaluating whether collectibility of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession (see paragraph [606-10-32-7](#)).

25-2

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

A contract is an agreement between two or more parties that creates enforceable rights and obligations. Enforceability of the rights and obligations in a contract is a matter of law. Contracts can be written, oral, or implied by an entity's customary business practices. The practices and processes for establishing contracts with customers vary across legal jurisdictions, industries, and entities. In addition, they may vary within an entity (for example, they may depend on the class of customer or the nature of the promised goods or services). An entity shall consider those practices and processes in determining whether and when an agreement with a customer creates enforceable rights and obligations.

25-3

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

Some contracts with customers may have no fixed duration and can be terminated or modified by either party at any time. Other contracts may automatically renew on a periodic basis that is specified in the contract. An entity shall apply the guidance in this Topic to the duration of the contract (that is, the contractual period) in which the parties to the contract have present enforceable rights and obligations. In evaluating the criterion in paragraph [606-10-25-1\(e\)](#) , an entity shall assess the collectibility of the consideration promised in a contract for the goods or services that will be transferred to the customer rather than assessing the collectibility of the consideration promised in the contract for all of the promised goods or services (see paragraphs [606-10-55-3A through 55-3C](#)). However, if an entity determines that all of the criteria in paragraph [606-10-25-1](#) are met, the remainder of the guidance in this Topic shall be applied to all of the promised goods or services in the contract.

25-4

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

For the purpose of applying the guidance in this Topic, a contract does not exist if each party to the contract has the unilateral enforceable right to terminate a wholly unperformed contract without compensating the other party (or parties). A contract is wholly unperformed if both of the following criteria are met:

- a. The entity has not yet transferred any promised goods or services to the customer.
- b. The entity has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

25-5

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

If a contract with a customer meets the criteria in paragraph [606-10-25-1](#) at contract inception, an entity shall not reassess those criteria unless there is an indication of a significant change in facts and circumstances. For example, if a customer's ability to pay the consideration deteriorates significantly, an entity would reassess whether it is probable that the entity will collect the consideration to which the entity will be entitled in exchange for the remaining goods or services that will be transferred to the customer (see paragraphs [606-10-55-3A through 55-3C](#)).

25-6

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

If a contract with a customer does not meet the criteria in paragraph [606-10-25-1](#) , an entity shall continue to assess the contract to determine whether the criteria in paragraph [606-10-25-1](#) are subsequently met.

25-7

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

When a contract with a customer does not meet the criteria in paragraph **606-10-25-1** and an entity receives consideration from the customer, the entity shall recognize the consideration received as **revenue** only when one or more of the following events have occurred:

- a. The entity has no remaining obligations to transfer goods or services to the customer, and all, or substantially all, of the consideration promised by the customer has been received by the entity and is nonrefundable.
- b. The contract has been terminated, and the consideration received from the customer is nonrefundable.
- c. The entity has transferred control of the goods or services to which the consideration that has been received relates, the entity has stopped transferring goods or services to the customer (if applicable) and has no obligation under the contract to transfer additional goods or services, and the consideration received from the customer is nonrefundable.

25-8

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

An entity shall recognize the consideration received from a customer as a liability until one of the events in paragraph **606-10-25-7** occurs or until the criteria in paragraph **606-10-25-1** are subsequently met (see paragraph **606-10-25-6**). Depending on the facts and circumstances relating to the contract, the liability recognized represents the entity's obligation to either transfer goods or services in the future or refund the consideration received. In either case, the liability shall be measured at the amount of consideration received from the customer.

> Combination of Contracts

25-9

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

An entity shall combine two or more **contracts** entered into at or near the same time with the same **customer** (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

- a. The contracts are negotiated as a package with a single commercial objective.
- b. The amount of consideration to be paid in one contract depends on the price or performance of the other contract.

c. The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single **performance obligation** in accordance with paragraphs **606-10-25-14 through 25-22** .

> Contract Modifications

25-10

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

A contract modification is a change in the scope or price (or both) of a **contract** that is approved by the parties to the contract. In some industries and jurisdictions, a contract modification may be described as a change order, a variation, or an amendment. A contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. A contract modification could be approved in writing, by oral agreement, or implied by customary business practices. If the parties to the contract have not approved a contract modification, an entity shall continue to apply the guidance in this Topic to the existing contract until the contract modification is approved.

25-11

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification or the parties have approved a change in the scope of the contract but have not yet determined the corresponding change in price. In determining whether the rights and obligations that are created or changed by a modification are enforceable, an entity shall consider all relevant facts and circumstances including the terms of the contract and other evidence. If the parties to a contract have approved a change in the scope of the contract but have not yet determined the corresponding change in price, an entity shall estimate the change to the **transaction price** arising from the modification in accordance with paragraphs **606-10-32-5 through 32-9** on estimating variable consideration and paragraphs **606-10-32-11 through 32-13** on constraining estimates of variable consideration.

25-12

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity shall account for a contract modification as a separate contract if both of the following conditions are present:

- a. The scope of the contract increases because of the addition of promised goods or services that are distinct (in accordance with paragraphs 606-10-25-18 through 25-22).
- b. The price of the contract increases by an amount of consideration that reflects the entity's **standalone selling prices** of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. For example, an entity may adjust the standalone selling price of an additional good or service for a discount that the customer receives, because it is not necessary for the entity to incur the selling-related costs that it would incur when selling a similar good or service to a new customer.

25-13

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

If a contract modification is not accounted for as a separate contract in accordance with paragraph 606-10-25-12 , an entity shall account for the promised goods or services not yet transferred at the date of the contract modification (that is, the remaining promised goods or services) in whichever of the following ways is applicable:

- a. An entity shall account for the contract modification as if it were a termination of the existing contract, and the creation of a new contract, if the remaining goods or services are distinct from the goods or services transferred on or before the date of the contract modification. The amount of consideration to be allocated to the remaining **performance obligations** (or to the remaining distinct goods or services in a single performance obligation identified in accordance with paragraph 606-10-25-14(b)) is the sum of:
 1. The consideration promised by the customer (including amounts already received from the customer) that was included in the estimate of the transaction price and that had not been recognized as **revenue** and
 2. The consideration promised as part of the contract modification.
- b. An entity shall account for the contract modification as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the entity's measure of progress toward complete satisfaction of the performance obligation, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (that is, the adjustment to revenue is made on a cumulative catch-up basis).
- c. If the remaining goods or services are a combination of items (a) and (b), then the entity shall

account for the effects of the modification on the unsatisfied (including partially unsatisfied) performance obligations in the modified contract in a manner that is consistent with the objectives of this paragraph.

> Identifying Performance Obligations

25-14

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | Transition Guidance: [606-10-65-1](#)

At **contract** inception, an entity shall assess the goods or services promised in a contract with a **customer** and shall identify as a **performance obligation** each promise to transfer to the customer either:

- a. A good or service (or a bundle of goods or services) that is distinct
- b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (see paragraph [606-10-25-15](#)).

25-15

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | Transition Guidance: [606-10-65-1](#)

A series of distinct goods or services has the same pattern of transfer to the customer if both of the following criteria are met:

- a. Each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in paragraph [606-10-25-27](#) to be a performance obligation satisfied over time.
- b. In accordance with paragraphs [606-10-25-31 through 25-32](#) , the same method would be used to measure the entity's progress toward complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

>> Promises in Contracts with Customers

25-16

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

A **contract** with a **customer** generally explicitly states the goods or services that an entity promises to transfer to a customer. However, the promised goods and services identified in a contract with a customer may not be limited to the goods or services that are explicitly stated in that contract. This is because a contract with a customer also may include promises that are implied by an entity's customary business practices, published policies, or specific statements if, at the time of entering into the contract, those promises create a reasonable expectation of the customer that the entity will transfer a good or service to the customer.

25-16A

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity is not required to assess whether promised goods or services are **performance obligations** if they are immaterial in the context of the contract with the customer. If the revenue related to a performance obligation that includes goods or services that are immaterial in the context of the contract is recognized before those immaterial goods or services are transferred to the customer, then the related costs to transfer those goods or services shall be accrued.

25-16B

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity shall not apply the guidance in paragraph **606-10-25-16A** to a customer option to acquire additional goods or services that provides the customer with a material right, in accordance with paragraphs **606-10-55-41 through 55-45** .

25-17

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

Promised goods or services do not include activities that an entity must undertake to fulfill a contract unless those activities transfer a good or service to a customer. For example, a services provider may need to perform various administrative tasks to set up a contract. The performance of those tasks does not transfer a service to the customer as the tasks are performed. Therefore, those setup activities are

not promised goods or services in the contract with the customer.

25-18

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

Depending on the **contract** , promised goods or services may include, but are not limited to, the following:

- a. Sale of goods produced by an entity (for example, inventory of a manufacturer)
- b. Resale of goods purchased by an entity (for example, merchandise of a retailer)
- c. Resale of rights to goods or services purchased by an entity (for example, a ticket resold by an entity acting as a principal, as described in paragraphs 606-10-55-36 through 55-40)
- d. Performing a contractually agreed-upon task (or tasks) for a **customer**
- e. Providing a service of standing ready to provide goods or services (for example, unspecified updates to software that are provided on a when-and-if-available basis) or of making goods or services available for a customer to use as and when the customer decides
- f. Providing a service of arranging for another party to transfer goods or services to a customer (for example, acting as an agent of another party, as described in paragraphs 606-10-55-36 through 55-40)
- g. Granting rights to goods or services to be provided in the future that a customer can resell or provide to its customer (for example, an entity selling a product to a retailer promises to transfer an additional good or service to an individual who purchases the product from the retailer)
- h. Constructing, manufacturing, or developing an asset on behalf of a customer
- i. Granting licenses (see paragraphs 606-10-55-54 through 55-60 and paragraphs 606-10-55-62 through 55-65B)
- j. Granting options to purchase additional goods or services (when those options provide a customer with a material right, as described in paragraphs 606-10-55-41 through 55-45).

25-18A

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity that promises a good to a customer also might perform shipping and handling activities related to that good. If the shipping and handling activities are performed before the customer obtains control of the good (see paragraphs 606-10-25-23 through 25-30 for guidance on satisfying performance obligations), then the shipping and handling activities are not a promised service to the customer. Rather, shipping and handling are activities to fulfill the entity's promise to transfer the good.

25-18B

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

If shipping and handling activities are performed after a customer obtains control of the good, then the entity may elect to account for shipping and handling as activities to fulfill the promise to transfer the good. The entity shall apply this accounting policy election consistently to similar types of transactions. An entity that makes this election would not evaluate whether shipping and handling activities are promised services to its customers. If revenue is recognized for the related good before the shipping and handling activities occur, the related costs of those shipping and handling activities shall be accrued. An entity that applies this accounting policy election shall comply with the accounting policy disclosure requirements in paragraphs 235-10-50-1 through 50-6 .

>> Distinct Goods or Services

25-19

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- a. The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct).
- b. The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

25-20

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

A customer can benefit from a good or service in accordance with paragraph 606-10-25-19(a) if the good or service could be used, consumed, sold for an amount that is greater than scrap value, or otherwise held in a way that generates economic benefits. For some goods or services, a customer may

be able to benefit from a good or service on its own. For other goods or services, a customer may be able to benefit from the good or service only in conjunction with other readily available resources. A readily available resource is a good or service that is sold separately (by the entity or another entity) or a resource that the customer has already obtained from the entity (including goods or services that the entity will have already transferred to the customer under the contract) or from other transactions or events. Various factors may provide evidence that the customer can benefit from a good or service either on its own or in conjunction with other readily available resources. For example, the fact that the entity regularly sells a good or service separately would indicate that a customer can benefit from the good or service on its own or with other readily available resources.

25-21

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

In assessing whether an entity's promises to transfer goods or services to the customer are separately identifiable in accordance with paragraph 606-10-25-19(b), the objective is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs. Factors that indicate that two or more promises to transfer goods or services to a customer are not separately identifiable include, but are not limited to, the following:

- a. The entity provides a significant service of integrating goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted. In other words, the entity is using the goods or services as inputs to produce or deliver the combined output or outputs specified by the customer. A combined output or outputs might include more than one phase, element, or unit.
- b. One or more of the goods or services significantly modifies or customizes, or are significantly modified or customized by, one or more of the other goods or services promised in the contract.
- c. The goods or services are highly interdependent or highly interrelated. In other words, each of the goods or services is significantly affected by one or more of the other goods or services in the contract. For example, in some cases, two or more goods or services are significantly affected by each other because the entity would not be able to fulfill its promise by transferring each of the goods or services independently.

25-22

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

If a promised good or service is not distinct, an entity shall combine that good or service with other

promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases, that would result in the entity accounting for all the goods or services promised in a contract as a single **performance obligation** .

> Satisfaction of Performance Obligations

25-23

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity shall recognize **revenue** when (or as) the entity satisfies a **performance obligation** by transferring a promised good or service (that is, an asset) to a **customer** . An asset is transferred when (or as) the customer obtains control of that asset.

25-24

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

For each performance obligation identified in accordance with paragraphs **606-10-25-14 through 25-22** , an entity shall determine at contract inception whether it satisfies the performance obligation over time (in accordance with paragraphs **606-10-25-27 through 25-29**) or satisfies the performance obligation at a point in time (in accordance with paragraph **606-10-25-30**). If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

25-25

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

Goods and services are assets, even if only momentarily, when they are received and used (as in the case of many services). Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways, such as by:

- a. Using the asset to produce goods or provide services (including public services)

- b. Using the asset to enhance the value of other assets
- c. Using the asset to settle liabilities or reduce expenses
- d. Selling or exchanging the asset
- e. Pledging the asset to secure a loan
- f. Holding the asset.

25-26

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

When evaluating whether a customer obtains control of an asset, an entity shall consider any agreement to repurchase the asset (see paragraphs [606-10-55-66 through 55-78](#)).

>> Performance Obligations Satisfied Over Time

25-27

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

An entity transfers control of a good or service over time and, therefore, satisfies a **performance obligation** and recognizes **revenue** over time, if one of the following criteria is met:

- a. The **customer** simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (see paragraphs [606-10-55-5 through 55-6](#)).
- b. The entity's performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced (see paragraph [606-10-55-7](#)).
- c. The entity's performance does not create an asset with an alternative use to the entity (see paragraph [606-10-25-28](#)), and the entity has an enforceable right to payment for performance completed to date (see paragraph [606-10-25-29](#)).

25-28

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** [606-10-65-1](#)

An asset created by an entity's performance does not have an alternative use to an entity if the entity is either restricted contractually from readily directing the asset for another use during the creation or

enhancement of that asset or limited practically from readily directing the asset in its completed state for another use. The assessment of whether an asset has an alternative use to the entity is made at contract inception. After contract inception, an entity shall not update the assessment of the alternative use of an asset unless the parties to the **contract** approve a contract modification that substantively changes the performance obligation. Paragraphs **606-10-55-8 through 55-10** provide guidance for assessing whether an asset has an alternative use to an entity.

25-29

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

An entity shall consider the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date in accordance with paragraph **606-10-25-27(c)**. The right to payment for performance completed to date does not need to be for a fixed amount. However, at all times throughout the duration of the contract, the entity must be entitled to an amount that at least compensates the entity for performance completed to date if the contract is terminated by the customer or another party for reasons other than the entity's failure to perform as promised. Paragraphs **606-10-55-11 through 55-15** provide guidance for assessing the existence and enforceability of a right to payment and whether an entity's right to payment would entitle the entity to be paid for its performance completed to date.

>> Performance Obligations Satisfied at a Point in Time

25-30

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** **606-10-65-1**

If a **performance obligation** is not satisfied over time in accordance with paragraphs **606-10-25-27 through 25-29**, an entity satisfies the performance obligation at a point in time. To determine the point in time at which a **customer** obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the guidance on control in paragraphs **606-10-25-23 through 25-26**. In addition, an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:

- a. The entity has a present right to payment for the asset-If a customer presently is obliged to pay for an asset, then that may indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset in exchange.

- b. The customer has legal title to the asset-Legal title may indicate which party to a **contract** has the ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset or to restrict the access of other entities to those benefits. Therefore, the transfer of legal title of an asset may indicate that the customer has obtained control of the asset. If an entity retains legal title solely as protection against the customer's failure to pay, those rights of the entity would not preclude the customer from obtaining control of an asset.
- c. The entity has transferred physical possession of the asset-The customer's physical possession of an asset may indicate that the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits. However, physical possession may not coincide with control of an asset. For example, in some repurchase agreements and in some consignment arrangements, a customer or consignee may have physical possession of an asset that the entity controls. Conversely, in some bill-and-hold arrangements, the entity may have physical possession of an asset that the customer controls. Paragraphs **606-10-55-66 through 55-78** , **606-10-55-79 through 55-80** , and **606-10-55-81 through 55-84** provide guidance on accounting for repurchase agreements, consignment arrangements, and bill-and-hold arrangements, respectively.
- d. The customer has the significant risks and rewards of ownership of the asset-The transfer of the significant risks and rewards of ownership of an asset to the customer may indicate that the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. However, when evaluating the risks and rewards of ownership of a promised asset, an entity shall exclude any risks that give rise to a separate performance obligation in addition to the performance obligation to transfer the asset. For example, an entity may have transferred control of an asset to a customer but not yet satisfied an additional performance obligation to provide maintenance services related to the transferred asset.
- e. The customer has accepted the asset-The customer's acceptance of an asset may indicate that it has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. To evaluate the effect of a contractual customer acceptance clause on when control of an asset is transferred, an entity shall consider the guidance in paragraphs **606-10-55-85 through 55-88** .

>> Measuring Progress toward Complete Satisfaction of a Performance Obligation

25-31

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | Transition Guidance: **606-10-65-1**

For each **performance obligation** satisfied over time in accordance with paragraphs **606-10-25-27**

through 25-29 , an entity shall recognize **revenue** over time by measuring the progress toward complete satisfaction of that performance obligation. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a **customer** (that is, the satisfaction of an entity's performance obligation).

25-32

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity shall apply a single method of measuring progress for each performance obligation satisfied over time, and the entity shall apply that method consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, an entity shall remeasure its progress toward complete satisfaction of a performance obligation satisfied over time.

>>> Methods for Measuring Progress

25-33

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

Appropriate methods of measuring progress include output methods and input methods. Paragraphs 606-10-55-16 through 55-21 provide guidance for using output methods and input methods to measure an entity's progress toward complete satisfaction of a performance obligation. In determining the appropriate method for measuring progress, an entity shall consider the nature of the good or service that the entity promised to transfer to the customer.

25-34

Pending Content:

Transition Date: (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

When applying a method for measuring progress, an entity shall exclude from the measure of progress any goods or services for which the entity does not transfer control to a customer. Conversely, an entity shall include in the measure of progress any goods or services for which the entity does transfer control to a customer when satisfying that performance obligation.

25-35

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

As circumstances change over time, an entity shall update its measure of progress to reflect any changes in the outcome of the performance obligation. Such changes to an entity's measure of progress shall be accounted for as a change in accounting estimate in accordance with Subtopic 250-10 on accounting changes and error corrections.

>>> Reasonable Measures of Progress

25-36

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

An entity shall recognize revenue for a performance obligation satisfied over time only if the entity can reasonably measure its progress toward complete satisfaction of the performance obligation. An entity would not be able to reasonably measure its progress toward complete satisfaction of a performance obligation if it lacks reliable information that would be required to apply an appropriate method of measuring progress.

25-37

Pending Content:**Transition Date:** (P) December 16, 2017; (N) December 16, 2018 | **Transition Guidance:** 606-10-65-1

In some circumstances (for example, in the early stages of a contract), an entity may not be able to reasonably measure the outcome of a performance obligation, but the entity expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.